

**CALFED NEWS  
PUBLIC AFFAIRS GROUP MEETING  
JUNE 2, 1999**

**Consensus quells the water wars**

**Sacramento Bee** - April 29, By Lester A. Snow, executive director, CalFed Bay-Delta Program

Marc Reisner takes a pessimistic view with his talk of "hopeless" obsession with consensus ("State's politics of water consensus is a dry well," Forum, April 11). "Hopeless" was the idea that 30 years of court battles, inflexible regulations and infighting among special interest groups could maintain a healthy Delta ecosystem and meet Californians' water needs.

Prior to the 1994 Delta accord, the model for water policy was legislate-regulate-litigate -- a vicious cycle that made little progress. The Delta accord established the CalFed Bay-Delta Program and set temporary operating standards for the Bay-Delta system to allow time for development of a long-term, comprehensive plan to restore ecological health and improve water management. CalFed is a collaborative effort among state and federal agencies, water stakeholders -- agricultural, urban, business, environmental and in-Delta interests -- and the public.

I agree with Reisner that consensus cannot replace leadership. While CalFed's process narrows the disputed issues and provides a solid foundation for decisions, leadership must determine the final course. Broad consensus combined with legislative leadership resulted in passage of Proposition 204 and the federal Bay-Delta Act in 1996, both of which provide funding critical to restoring the Bay-Delta ecosystem. More than 170 valuable, innovative projects have received funding, although not Reisner's projects.

Building consensus is often frustrating and difficult, but it does not require that everyone agree, as suggested by Reisner. CalFed's program will affect nearly every Californian. Any plan that does not include interested parties, neighboring landowners, communities and local government in the planning process is doomed to failure.

Reisner used the Madera Ranch project as an example of a worthwhile program taken down by the minority view in CalFed's consensus process. Madera Ranch is a proposed groundwater banking project. During drought times, water would be pumped out of the aquifer, and when surface water is abundant, it would be recharged into the aquifer. But he is misconstruing bad project planning as a failure of consensus. Neighboring landowners felt blindsided and betrayed because their questions and concerns were not considered. Funding a poorly developed idea that could end up in dispute and litigation is a poor use of scarce resources. CalFed has indicated that it will not reconsider the project until local concerns have been adequately addressed.

The solution to California's long-running water battles requires habitat restoration, increased agricultural and urban water conservation, better water transfer markets and improved water storage. Consensus efforts can lead to creative solutions. Delta landowners concerned about the possibility of agricultural land coming out of production for ecosystem restoration identified public lands available that would likely meet a majority of CalFed's needs. On Butte Creek, landowners, water users and fisheries agencies -- interests that in the past have battled -- developed a project critical to spring-run chinook salmon, taking down four small dams while maintaining water supply reliability.

Reisner is nostalgic for the old days of leadership. Certainly Gov. Pat Brown is remembered as a great leader, not just on water but also transportation and education. Since his administration, the state and the nation have enacted the California Environmental Quality Act, the National Environmental Policy Act, state and federal endangered species acts, the national Clean Water Act and other laws that require working with those affected by agency decisions. I suspect that in this era, Brown would want as much consensus as possible. #

**Sen. Costa salvages sunken water bond**  
**Fresno Bee - April 26, By Mike Lewis, Capitol bureau**

SACRAMENTO - Sen. Jim Costa has been down this road before. Last year, on the Legislature's final day in session, the factions warring over the state's largest-ever water bond reached agreement on only one key point: Killing the bill beat a compromise. So that's what they did.

But as inevitable as August heat, the billion-dollar water bond is back. Again, the Fresno Democrat is at the helm. Again, farmers, water districts and environmentalists will sit down, swap reams of paper, drink gallons of coffee and try to locate the middle ground on a fluid proposal to pay for water conservation, supply and flood protection.

Costa will start the negotiations at a hearing today. He hopes for success this year. He has narrowed the bond's focus. During the winter, he cajoled interest groups to find agreement on divisive issues such as building more reservoirs. And he dropped subjects where detente appeared impossible.

"I've let the groups know this is a bare-bones measure," Costa said.

The water-bond debate comes at a critical juncture for both Costa and California. State leaders, made brave by a robust economy, want to turn government investment inward to neglected highways, levees, sewers, schools and parks. For more than 20 years, the state has put off billions of dollars in maintenance. Now competition for dollars is fierce.

Costa, who is approaching the twilight of his state legislative career, badly wants another major victory in the water- and agricultural-policy wars that have built his reputation. He leaves office in 2002 and has the clout to push such a major ballot measure for only one more election cycle, as he did in 1996 with the landmark Proposition 204, which pumped millions of dollars into the state's water-management system.

"We don't want to refight the battles we fought last year," Costa explained about his new water-bond legislation, Senate Bill 530. "We had deep divisions and controversy. I think we can avoid that this year."

To duck the debates that killed last year's legislation, Costa and co-author Assemblyman Mike Machado, D-Linden, have stripped the bill of its most contentious items and shifted them to the state budget or to separate legislation where attacks won't hurt the bond.

Gone is last year's hotly disputed plan to manage ground-water aquifers. It's in a separate bill.

Stripped, too, is money to study new reservoirs. In 1998, this poison pill killed the deal - environmentalists insisted it be cut, while farmers demanded money for water storage.

The governor's budget is likely to carry the reservoir money. Resources Secretary Mary Nichols is expected to seek millions of dollars within her Integrated Surface Storage Management Plan to complete studies of expanding Shasta Dam or Friant Dam or to build a new reservoir on the Sacramento Valley's west side or other proposed sites.

With ground-water management and reservoir money removed, the \$1.5 billion to \$2 billion proposal focuses on a few primary points:

\*Paying back the \$188 million the state owes local governments for flood-protection projects and pouring millions more into new projects.

\* Paying the state's share of Safe Drinking Water Act money so it can continue to receive millions of federal dollars in matching funds.

\* Funding "conjunctive use" water storage, which involves taking river water and pumping it into underground basins for storage.

\* Funding water conservation projects.

Paying to stabilize water supplies with techniques such as fish screens, which allow dependable pumping at the giant siphons near Tracy that ship water south to west-side farmers and urban, Southern California families and industry.

Thus far, Costa hasn't attached price tags to the projects. Today's hearing should begin to put flesh on his skeleton bill.

"It doesn't have any guts to it yet," said Dennis Albani, the government affairs director for the Agricultural Council, which represents the state's farming cooperatives. "So at this point we do not support it."

Environmental groups concurred. Cynthia Kohler, the legal affairs director with Save the Bay who helped kill last year's bond bill, likes what she's seen so far but added: "The bill is very vague. It isn't clear. But we're very comfortable with the approach Costa has outlined."

Even with its disputed elements removed Costa's proposal faces an upward climb. Last year's bill began as a straightforward flood-protection bond. As it expanded, it became an easy target for interest groups.

Moreover, it isn't the only bond proposal competing for votes. The Democratic leaders of the Senate and Assembly - San Francisco's John Burton and Los Angeles' Antonio Villaraigosa, respectively - both have billion-dollar babies to nurture.

Burton wants to pour \$16 billion into an infrastructure bond for repairs to state roads, bridges and rails. He announced the measure with great fanfare in January and has let lawmakers know he considers it a priority.

Villaraigosa, with ambitions of becoming the mayor of Los Angeles, has placed his emphasis on a \$1.5 billion parks bond to funnel cash into city parks, coastal beaches and state-owned wildlands.

Other possibilities include bonds for prisons, competing water bonds and a massive \$25 billion to \$30 billion bond for a high-speed rail. Additionally, a proposal is working its way through the Legislature for a 0.25% sales-tax increase statewide to fund maintenance for roads and levees, among other projects. Bond backers are concerned this bill and its \$1.2 billion in estimated annual revenue could ease the urgency on a water-specific bond.

State financiers say the time is ripe to float additional bonds. The nonpartisan Legislative Analyst's Office said California could safely take its debt load from the existing 4.7% of annual revenue to 6%. This would free up \$7 billion in general obligation bonding capacity by the 2000 election cycle and for every two-year election cycle thereafter.

But voters have shown less long-term faith in economic forecasts, political analysts say. And when ballots become cluttered with too many bonds, voters simply reject the whole package. Costa knows this could happen. He wants his bond on the smaller primary ballot in March 2000. To do this, he must get a bill on Gov. Davis' desk by September.

He starts that journey today. It's a path he knows. But this time, he hopes it goes somewhere. #

**Dan Walters: A think-small water proposal**  
**Sacramento Bee - April 27, 1999**

Many big-dollar deals were negotiated in the final, hectic moments of the state legislative session last summer as outgoing Gov. Pete Wilson and legislative leaders vied with one another to spend money.

But a multibillion-dollar water bond issue wasn't one of them. Months of work on the single most complex policy issue facing California went down the drain as Wilson and environmentalists played chicken on including money for new water storage facilities.

The legislative session ended with the water bond issue still on the unfinished business agenda and four months later, Republican Wilson packed up and left the Governor's Office, succeeded by Democrat Gray Davis.

Another legislative session is under way and the two lawmakers who came oh-so-close last year are back with another and substantially revised approach. Sen. Jim Costa, D-Fresno, and Assemblyman Mike Machado, D-Linden, who chair the Legislature's two water committees, unveiled their latest version Monday.

It's silent on the critical water storage issue and eschews project-by-project specificity in favor of allocating funds for various flood control, conservation and water quality programs to the Davis administration for disbursement to local and regional water agencies.

Even the amounts -- including the overall size of the bond issue -- are left unspecified as the two authors try to minimize discord and maximize agreement.

"I hope to avoid the pitfalls of last year," Costa told a legislative hearing that opened discussions on the new proposal, adding that he hopes for a "bare bones bond measure" in the \$1.5 billion to \$2 billion range.

Machado described it as "a work in progress" and added, "It's not a Christmas tree. Last year, we broke the limbs of the Christmas tree with the ornaments."

The lack of specifics rankled some witnesses and other legislators and the omission of water storage money was a sore point with Republicans and farmers, who contend that increased supply is necessary to cope with rapidly rising population demand without forcing growers off the land.

But environmentalists heaped praise on Machado and Costa, even though the new bond also omits some of the specific environmental enhancement projects that they had sought in last year's version.

The change of administrations has given the "enviros" more clout than they had enjoyed under two Republican governors while the influence of farmers and other advocates of more water storage -- either off-stream reservoirs or enlargement of existing dams such as Shasta -- has diminished.

Costa, Machado and the Davis administration want to sidestep the storage issue by keeping it out of the bond measure and providing some money in the state budget to continue storage studies. It's a tactic that environmentalists prefer because it avoids any long-term commitment to dam or reservoir construction that would be implicit in a bond issue passed by voters.

But the think-small, conflict-minimizing, non-specific approach embraced by Machado and Costa in the new legislation typifies the Capitol's dilemma in dealing with the state's most complicated -- and most important -- policy issues.

A state as dynamic and complex as California naturally generates conflicts, such as those inherent in water, transportation and education. Consensus is a rare commodity in a society with such a broad range of values.

If the governor and the Legislature are willing to act only when there is broad, even universal agreement and postpone every controversial matter, not much of lasting impact will occur. And process will have been permanently elevated over product. #

**Letter to Editor: Don't miss this Thursday evening water meeting**  
**Chico Enterprise-Record - April 27, 1999**

Farmers dependent on groundwater and home owners on domestic wells must attend the CALFED meeting in Oroville Thursday evening. CALFED is going to discuss conjunctive use, water transfers, local support, consistency with CALFED objectives, availability of local funding operation of a groundwater basin, etc.

These topics affect our water supply and quality and our very livelihood. Conjunctive use and water transfers mean sales of surface water from Butte County to be used elsewhere (i.e. San Joaquin Valley, Southern California, etc.). Groundwater will be pumped to substitute for water sold. In 1994 105,000 acre feet were sold by the members of two irrigation districts. This sale gave the sellers over \$5,000,000 and impacted the Cherokee Strip very seriously. Others in Durham and elsewhere had difficulties with their wells and pumps, but no studies were done on these. There still is no protection for farmers and the more than 14,000 domestic well owners who will be the first to go. The City of Chico is not immune to impacts either because its water comes from wells, too.

CALFED insists that water sales will be voluntary between willing sellers and willing buyers. Does local support mean only these parties? The rest of the community, which is most of the population, seems to have no say in a process which determines their and the county's future. We need to be there to voice our concerns.

What does availability of local funding mean? Will the taxpayer who has no financial or other gain from water sales pay for them while the sellers reap the profits?

Operation of a groundwater basin is an interesting term. Does it mean that our aquifer will be evacuated (pumped) and be expected to fill during the winter. Our winters have never been consistent enough to replenish the aquifer every year.

What are CALFED's objectives? We must find out!

Attend the CALFED workshop Thursday at 6 p.m. at the Board of Supervisors chambers, 25 County Center Drive, Oroville. We must learn what the CALLED program is and we must be there in numbers and volume to voice our concerns. We must do everything in our power to protect our water!

Rosalie Cartwright, Chico #

**Dams may soon tumble for salmon: Battle Creek project on tap**  
**Sacramento Bee - May 4, By Nancy Vogel, Bee Staff Writer**

MANTON -- Battle Creek may be the best insurance policy against extinction for Sacramento Valley chinook salmon.

In the hottest months of the driest years, it gurgles steadily with 52-degree springs fed by Mount Lassen snow. In its pools hunker 20-pound salmon that three weeks before may have been hunting herring 20 miles off the Pacific coast.

Three years from now, if state and federal wildlife agencies and Pacific Gas and Electric Co. have their way, the salmon hatching this year in Battle Creek will return to a more hospitable stream. Government biologists intend to drastically rework the system of dams and canals that turn Battle Creek into electricity.

The \$50.7 million undoing of PG&E's Battle Creek network is the most ambitious salmon restoration effort under way in the Sacramento Valley and one of the most extensive dam removal projects in the country.

Five of 15 dams will be destroyed, including one in a canyon so deep the concrete may have to be hauled out by helicopter. A rambling network of tubes and canals that repeatedly drops water from the north fork

to the south fork to spin turbines will be dismantled, no longer confusing salmon that find their birth streams by scent.

Both forks of Battle Creek will run higher and cooler, because PG&E will feed less water to its powerhouses. The project will cut by 25 percent to 35 percent the amount of power that can be generated on the 90-year-old system of dams.

But rewards are practically guaranteed, biologists say, because remnant populations of each of the four races of chinook salmon in the Sacramento Valley -- two of them endangered and two proposed for listing -- still use Battle Creek.

Sparsely settled and pocked with dependable cold springs, the rugged Battle Creek country between Red Bluff and Mount Lassen has the potential to once again become a drought-proof incubator, a reliable producer of salmon in a state desperate to bring back salmon runs.

"On Battle Creek," said California Department of Fish and Game fish biologist Harry Rectenwald, "you can always produce fish."

Biologists are heartened by their experience on Butte Creek, another Sacramento River tributary to the south, where four small dams were recently removed. Last year, 20,000 spring-run chinook salmon returned, the biggest run ever recorded on Butte Creek. Biologists cannot directly link the robust run to dam removal, but salmon hatched last year will find easier passage when they return to spawn.

Of all the streams that drain to the salmon highway that is the Sacramento River, Battle Creek most closely resembles the northernmost tributaries that were sealed off by major dams, Rectenwald said.

Winter-run chinook salmon evolved to use the glacier-fed McCloud and Pit rivers north of Redding. There, icy waters kept eggs alive through summer. Today winter-run are forced to spawn 30 miles south, below Shasta Dam. In drought years their eggs have cooked in reservoir-heated water.

"Battle Creek is very much like a small McCloud River," said Rectenwald. "And since the fish can't get to McCloud anymore, in a drought it's important to have a place like Battle Creek."

Thousands of winter-run once spawned in Battle Creek, but the south fork isn't much use to them now, because 13-foot high Coleman Dam blocks the creek 17 miles upstream.

Under the plan now being negotiated between PG&E and the federal and state governments, Coleman Dam would be torn down. So would Wildcat, Soap Creek, Lower Ripley and South Diversion dams. Three other dams would be fitted with concrete stairs that allow salmon to jump the dam step by step.

Ultimately, 42 miles of ideal salmon habitat would be unlocked. Salmon would be able to spawn as far upstream on the north and south forks of Battle Creek as they did 200 years ago.

But government scientists see more than habitat on Battle Creek.

"It's a laboratory as well as a restoration project," said Dick Daniel, restoration chief for CalFed, a 5-year-old federal and state team trying to restore California's streams in order to stabilize water supplies.

Cattle ranchers own most of the land around the streams. There are no pesticide-dripping orchards, few sewage discharges and no mines trickling acid runoff.

The relatively pristine state of Battle Creek, said Daniel, will allow scientists to study how water pollution affects early survival of salmon.

CalFed would pay for more than half of the \$50.7 million project. CalFed's ultimate river restoration plans could take 30 years and cost \$2 billion. So far, money to fund hundreds of projects, from buying wetlands to installing fish screens, has been flowing out of the downtown Sacramento headquarters faster than

progress can be made on the ground. That's why federal and state officials are anxious to showcase Battle Creek. Here they think they can get relatively quick, dramatic results.

"Most of these things take 10, 15 years," said James G. Smith, project leader for the U.S. Fish and Wildlife Service. "We've got something that theoretically could be done in less than five years, maybe even three."

Rectenwald said biologists have eyed Battle Creek for a decade but could do little more than dream of restoration until CalFed funding became available. The U.S. Bureau of Reclamation, Fish and Game, U.S. Fish and Wildlife Service and National Marine Fisheries Service -- all CalFed partners -- have been negotiating changes on Battle Creek with PG&E since 1995.

In January, they agreed on the basics: Which dams will come down, minimum levels of water flow, who pays for what.

A final deal could be struck within a month. It must then be approved by the Federal Energy Regulatory Commission.

In 2026, the license FERC gave PG&E to run its hydropower plants on Battle Creek comes up for renewal. But it could be opened sooner if wildlife agencies argue that the project harms salmon runs. Rather than square off against the agencies before FERC and risk stringent restrictions on water diversions, PG&E chose to negotiate a deal and share the burden of restoration with taxpayers.

"The pots of money allowed us to come into a partnership that will allow us to do more than would be done under FERC," said PG&E supervising engineer Jean Oscamou. "This is much quicker, too."

"It all comes together in a way that's better than an adversarial process," he said, "and meets the needs of the fish."

For its part, PG&E has agreed to forgo an estimated \$20.5 million worth of electricity that could be produced until 2026. Built between 1900 and 1910 to provide power to mines and copper smelters, the Battle Creek system makes up only about 2 percent of the annual electricity PG&E generates on California rivers. It equates to enough electricity for 160,000 people for a year.

Negotiators hope to finish their work in May. Then an environmental assessment of the plan must be written. Ideally, say those involved, flows will be higher and dams could come down next year. Few other streams in California could support both PG&E's powerhouses and resurging salmon streams. But dependable flow, pulsing through streambeds buried long ago by Mount Lassen's eruptions, make Battle Creek a rare, resilient place.

"This is a stream where all you have to do is put the water back," Rectenwald said. "The habitat is in perfect condition. And the hydrology is remarkable." #

**CalFed plan concerns aired; Impact on water rights, rural areas stressed**  
**Marysville Appeal-Democrat - May 27, By Harold Kruger, Appeal-Democrat**

A Northern California water group continues to have major reservations about CalFed's potential impact on water rights and rural communities.

"There is a deep concern in local communities that CalFed and its member agencies are usurping the land use authority that has traditionally resided in local governments, including counties and cities," said David Guy, executive director of the Northern California Water Association.

The association represents 65 private and public agricultural water suppliers and farmers who rely on the Sacramento, Feather and Yuba rivers to irrigate 850,000 acres in the Sacramento Valley. The Yuba County Water Agency is a member.

Guy and others testified last week at a hearing on Calfed called by the House Water and Power Subcommittee.

Calfed is the state-federal consortium of agencies working to improve San Francisco Bay, the delta and their tributaries in a multibillion-dollar program through 2030.

A major Calfed objective is its "ecosystem restoration program" to improve stream flows, stream channels, watersheds and floodplains, all essential to certain species.

To accomplish those goals, Guy said, Calfed has said it wants to buy 200,000 acres of Central Valley land, including 30,000 acres in the Sacramento Valley, for river meander corridors, riparian forests and increased stream flows. Guy warned that Calfed's ecological experiments could affect river flows and sediment levels, threatening existing water diversions and fish screens.

"The proposed implementation of these particular actions raises legitimate concerns for upstream and downstream communities, landowners and water suppliers," Guy told the subcommittee.

"In this regard, it is important that Congress and Calfed understand the groundswell of opposition and concern that is developing in agricultural and rural communities throughout California in response to the large scale land acquisition program that is being undertaken as part of Calfed and several other programs in California." Calfed has a "top-down approach to land-use planning where federal and state agencies, by either purchasing land or by funding land acquisition, are dictating local land use policies with little local participation in the process, Guy said." Guy told the subcommittee that "a representative public process to ensure local involvement must be a cornerstone of any land acquisition program." To date, Guy said, "there has been little, if any, progress on developing assurances that water suppliers and landowners will not be adversely affected by Calfed or its member agencies acquiring adjacent or nearby lands for habitat purposes." According to Guy, one of Calfed's major shortcomings has been "the lack of progress in providing more reliable water supplies for users in California." Water users have "committed to improve the ecosystem" and "are now adamant that there must be an equivalent commitment by Congress, the California Legislature and the Calfed agencies to improve the state's water supplies," Guy said.

"For Calfed to succeed in the next century, we believe that there must be significant progress in developing a range of water supply alternatives that will improve water supply reliability throughout the state." While working to improve water management, Calfed must "not be used to delay or otherwise stifle significant opportunities to improve water supply reliability on both the regional and local level," he said.

Calfed's actions should not "result in significant impacts to the agricultural resource base in California, including agricultural land, agricultural water supplies and water quality," Guy said. "In a nutshell, this is the existing environment as it is utilized for agriculture." Calfed also should recognize senior water rights held by entities and individuals in Northern California.

"Unfortunately, these fundamental water rights seem to get lost in the zeal to move forward with the Calfed program. Unless these rights are, in fact, recognized and honored by Calfed and its member agencies, NCWA's support for Calfed, including support for future funding, will not continue," he said. #

**Assembly panel OKs water bond; Package contains \$75M for county storage project  
San Joaquin (Stockton) Record - May 28, By Jim Sams, Capitol Bureau Chief**

SACRAMENTO -- An Assembly environmental committee Thursday approved a \$1.8 billion water bond that includes up to \$75 million for an eastern San Joaquin County groundwater-storage project.

Ed Steffani, executive director of the Stockton East Water District, said approval of the bond by the state Legislature and voters could complete the financing package for a proposal to build a system of canals



and ponds that would allow water from the Stanislaus, Calaveras and Mokelumne rivers and Farmington Creek to seep into the parched aquifer of the eastern county.

The project is expected to cost \$100 million. Stockton East is hoping to get \$25 million in federal money through a water-resources bill now being considered by Congress.

"If we can get this \$25 million from the feds and get through the bond issue, wow, we are there; we can do our big eastern San Joaquin river-water recharge projects," Steffani said.

The Assembly Water, Parks and Wildlife Committee voted unanimously to approve the water bond proposed by its chairman, Linden Democrat Michael Machado. But the bill still has to be approved by at least two more committees, the Assembly, the Senate and signed by the governor before it can appear on the March primary ballot. At that point voters, who may also be asked to approve multibillion-dollar parks and transportation bonds, will decide whether they want state government to borrow money for water-resources projects as well.

The proposed bond issue would pay for everything from levee repairs to an agricultural water-conservation program. Much of the money would be directed toward the Delta, the source of two-thirds of the state's drinking water. The bond issue includes:

- \* \$150 million to construct fish screens in the Delta, which would allow more efficient delivery of water, effectively increasing supply, by making sure aquatic life doesn't get sucked into the pumps used to send water into the state's delivery system to the lower Central Valley and Southern California.

- \* An additional \$150 million for other Delta restoration projects recommended by the CALFED state and federal environmental improvement process.

- \* \$40 million to construct facilities to control waste discharges that contribute to low dissolved oxygen, which could help the Stockton and Manteca sewer plants comply with orders by state regulators to clean up their discharges.

- \* \$75 million to help reclamation districts improve or repair their levees and for new flood-control projects on Bethel, Bradford, Holland, Hotchkiss, Jersey, Sherman, Twitchell and Webb islands.

- \* \$225 million for groundwater-storage projects, one third of which must be spent specifically on streams that flow into the Delta. So far, only Stockton East and the East Bay Municipal Utilities District have proposed such so-called "conjunctive use projects." The two agencies have been working together to store water in the eastern San Joaquin County aquifer.

The bond issue also contains money to buy land along river flood corridors, recycle sewage effluent, control pollution from agricultural and urban runoff, restore watersheds and improve riparian areas along urban streams.

No money is earmarked for new surface-water storage in the state, but Machado said Gov. Gray Davis has included \$10 million in his budget to study that issue and recommend a strategy for meeting the state's future water-supply needs.